



United States Department of Agriculture
Risk Management Agency

Aug 2005

2006 CROP INSURANCE FACT SHEET

RMA Outreach Programs

"Working Together to Preserve Family Farmers"

Risk Management Agency (RMA)

Manages USDA's crop insurance policies, underwriting terms and **Federal Crop Insurance Corporation (FCIC)** provides subsidization and reinsurance. RMA also coordinates a risk management outreach and education program to assist producers and agribusinesses in understanding and managing increased risks associated with production, marketing, financial, legal and human resources. RMA is committed to ensuring **ALL** farmers and ranchers, including women, minorities and other traditionally under-served groups* can equally access and participate in **ALL** RMA programs and activities.

***Traditionally under-served farmers and ranchers include:** •Women •African-Americans •Asians & Pacific Islanders •American Indians & Alaskan Natives •Hispanics.

Barriers to equal access and participation by under-served groups include: •Lack of program information and education, •Language barriers, •Cultural attitudes, •Limited financial resources, •Lack of insurance programs for many specialty crops. Through **Outreach** to women, minorities, and other traditionally under-served groups, **RMA** works to identify and address barriers to provide equal access and participation.

RMA Outreach Goals Include:

- Ensuring that every farmer and rancher has equal access to all risk management tools and programs, and all customers and potential customers are treated with dignity and respect;
- Better serving the traditionally under-served through partnerships and collaborations with the public and private sector, the land grant system, and community based organizations;
- Establishing dialog and partnerships to collectively work toward improving risk management strategies by providing the opportunity to review RMA programs and ensure they meet the needs of American Agriculture;

- Increasing awareness and effective use of risk management tools;
- Providing risk management education to help farmers and ranchers better manage their risks;
- Enhancing and strengthening the safety net for the traditionally under-served;
- Providing informational materials and developing messages in formats geared to under-served customers;
- Providing financial assistance to limited resource farmers and ranchers; and
- Improving customer service through cultural awareness and civil rights/outreach training.

Education, Outreach and Research Partnership Programs

Commodity Partnerships for Risk Management Education (RME): An educational program to provide U.S. farmers and ranchers (emphasis for producers of priority commodities) with training and informational opportunities about agricultural risks in the current economic environment and the effective approaches to manage the risks to meet their business, personal and community goals. RME focuses on five primary areas of risk: **production, financial, marketing, legal and human resource.**

Community Outreach and Assistance Partnerships: Ensuring **ALL** farmers and ranchers, including women, limited resource, socially disadvantaged, and other traditionally underserved producers of priority or underserved commodities and/or specialty crops are provided information and training necessary to use financial management, crop insurance, and marketing contracts.

Risk Management Research Partnerships: Development of risk management tools targeted for use for agricultural producers within their diversified farming practices.

Risk Management (Insurance) Programs Administered by RMA

Multi-Peril Crop Insurance (MPCI) - Federally subsidized, against many weather-related losses on 130 + crops. Additional coverage is available up to 75 percent coverage level (85 percent in some areas) and option of 60-100 percent of maximum price election. Catastrophic insurance (CAT) is the minimum level of insurance coverage at 50 percent of a producer's yield and 55 percent of the price, which meets the requirements (without a waiver) for a person to qualify for certain other USDA program benefits. No premium is required for CAT, but a \$100 Administrative Fee per crop, per county is due payable.

CAT and Administrative Fee Waivers are available for producers who qualify as a **limited resource farmer** (1) A person with direct or indirect gross farm sales not more than \$100,000 in each of the previous two years (to be increased starting in FY 2004 to adjust for inflation using Prices Paid by Farmer Index as compiled by National Agricultural Statistical Service (NASS), and (2) Has a total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household income in each of the previous two years (to be determined annually using Commerce Department Data).

Dollar Plan of Insurance – Program designed for producers to select a guaranteed dollar return per acre. It provides coverage for both production and quality damage (on some crops) to selected crops and counties throughout the U.S.

Group Risk Plan (GRP) – An insurance program based on the *county expected yield* rather than individual farm yields. A policyholder receives an indemnity payment if, and only if, the county average yield is less than guaranteed.

Crop Revenue Insurance Products – Risk programs for specifically approved crops and are based on revenue guarantees instead of MPCI yield guarantees. Revenue policies protect a grower's loss of revenue resulting from fluctuating prices, low yields, or a combination of the two. Currently, ***Income Protection, Revenue Assurance, Crop Revenue Coverage and Gross Revenue Income Program*** revenue products are available in selected counties/states throughout the U.S.

Adjusted Gross Revenue (AGR) – Pilot program with a non-traditional, whole farm insurance concept using a producer's historic Schedule F tax form and current year farm plan information as a

base to provide a level of guaranteed revenue for the insurance period. AGR provides the producer with protection against low farm revenue due to unavoidable causes. Covered farm revenue is income from agricultural commodities reported on the Schedule F tax form, including incidental amounts of income from animals and animal products and aquaculture reared in a controlled environment.

Adjusted Gross Revenue (AGR) Lite - A streamlined whole farm revenue protection package used as stand-alone coverage or in addition to other individual crop insurance policies (except AGR). The plan is easy to understand because it follows the marketplace. Most farm raised crops, animals, and animal products are eligible for protection. The program is based on the 5-year average revenue reported on IRS Schedule F 1040, therefore, minimal additional record keeping is required.

Livestock Risk Protection (LRP) program for fed and feeder cattle. Also, RMA insures slaughter hogs in Iowa under two different pilot insurance plans. These risk protection plans protect cattle and swine producers from declining prices. The **Livestock Gross Margin (LGM)** program protects swine producers from increasing prices in corn and soybean meal and/or declining slaughter hog prices. Several other livestock initiatives are currently underway to insure against catastrophic livestock diseases.

NOT all programs are available in all locations (counties/states).

Where to Purchase

All MPCI, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA Service Centers or at the RMA website:

<http://www3.rma.usda.gov/tools/agents/>

Additional Information

Further RMA program information is available on the RMA website: www.rma.usda.gov/ or from ten Regional Offices across the U.S. or Marie Buchanan, National Program Outreach Specialist, USDA/RMA Stop 0801 1400 Independence Ave., SW Washington, DC 20250 or (202) 690-2686.